



Submission on IPART NSW draft prices for WaterNSW Rural Bulk Water in 2023-24

May 2023

About the GVIA:

The Gwydir Valley Irrigators Association (GVIA) represents more than 450 water entitlement holders in the Gwydir Valley, centred around the town of Moree in North-West New South Wales. GVIA members hold entitlements within the Gwydir regulated and un-regulated surface water areas, in addition to groundwater resources. All of which are managed through water sharing plans, which have been progressively developed since early 2000. Our mission is to build a secure future for its members, the environment and the Gwydir Valley community through irrigated agriculture we can do this together by making every drop count in the river or the aquifer, on-farm, for the environment, or for our community¹.

The GVIA organisation is voluntary, funded by a nominal levy, cents/megalitre on regulated, unregulated and groundwater irrigation entitlement. In 2022-23 the levy was paid and supported by more than 90% of the eligible entitlement (excludes entitlement held by the NSW and Commonwealth governments).

About our region:

The Moree Plains Shire region alone is highly dependent on agriculture and irrigated agriculture for economic activity contributing over 72% of the value of gross domestic product (cotton is around 60%), employing 20-30% of the population and accounting for almost 90% of exports from the Shire².

Introduction and discussion

Gwydir Valley Irrigators Association (GVIA) welcomes the opportunity to make a submission on the draft decision on the WaterNSW bulk water prices for 2023-24.

The GVIA does not agree with WaterNSW, that the rolling average usage is likely to decline at the end of this regulatory period. The previous years and current water availability, which remains on average above 90% does not support WaterNSW's claim. Furthermore, actual usage from May 2023 is above the 20-year average, for the Gwydir is 107% of the 20-year average³. This water usage is despite extensive flooding and accounts holding on average 147% (with a maximum of 150%)⁴ but is largely driven by the increase in irrigated hectares and the operations of Copeton Dam on airspace management operations for most of the water year.

¹ For more information, see our corporate video on <https://vimeo.com/177148006>

² Cotton Catchment Communities CRC Communities and People Series 2009

³ Current Gwydir water usage is 236GL compared with the 20-year rolling average being 180GL.

⁴ https://www.industry.nsw.gov.au/__data/assets/pdf_file/0003/561477/WAS-Gwydir-20230505.pdf

Looking forward, the current forecast for next years irrigated cotton crop is similar to this years, of 75,000 hectares. With the BOM long range forecast for drier than average conditions over the next 3 months, it is anticipated that water usage will therefore be significantly higher than average in the 2023/24 water year.

In summary, the GVIA suggest it is realistic to expect higher than average usage to continue into 2023/24. It is a likely trend in other regions given irrigation usage varies widely based on both seasonal conditions and water availability, and on the basis that availability in 2023/24 will be high in all regions and weather conditions are forecast to be drier than average, driving demand,

We therefore anticipate that rather than a shortfall in revenue this coming year, WaterNSW is likely to recover a higher proportion of revenue agreed to be required to run their business.

The GVIA is interested to understand how IPART NSW will monitor the total revenue received by WaterNSW versus what is required to manage and operate, WaterNSW's fixed cost business and how they will consider this information as part of their price setting processes. We suggest is important for IPART NSW to consider that WaterNSW will have multiple years in the one regulatory period that a significantly larger than required revenue is received, and the scenario that the total revenue for the regulatory period is significantly larger than what is required. Both scenarios which are at odds to WaterNSW's proposal.

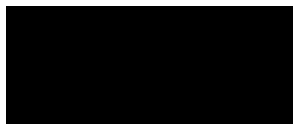
In addition to this, the GVIA would be interested in further engagement with IPART NSW on the performance monitoring of WaterNSW and WAMC agencies. The agencies and WaterNSW proposed a number of key projects and the integration key outputs from the non-urban metering reform and the Healthy Floodplains Project in our region but updates have indicated there has been little progress on these to-date.

Conclusion

The GVIA agrees with IPART NSW that high dam storage levels, high water allocation rates and a possible transition to drier conditions all indicate there is likely to be higher than average water sales in the next 1 to 2 years. We support IPARTs decision to maintain the regulated charges set under the 2021 Determination for 2023/24.

We ask that IPART NSW continue to monitor the revenue received by WaterNSW compared with what is needed to run their business and consider this as part of the 2024-25 pricing decision.

Regards



Zara Lowien
Executive Officer
Gwydir Valley Irrigators Association